

**UNITED STATES DEPARTMENT OF JUSTICE
BROOKLYN, NEW YORK**

DATE OF RECORDING:

October 3, 2011

PARTICIPANTS:

NR: SA NAUSHAUN C. RICHARDS
LH: LEE HYMOWITZ

ABBREVIATIONS:

UI: UNINTELLIGIBLE
PH: PHONETIC

Clip A: 00:03:46-00:04:54

LH: Back then, I remember being asked to prepare a retainer agreement. I did that, and we have a check for it. What I told Bob is that we don't keep records with regard to billing once things are paid. We send out a bill, and we have a book, you know like a loose leaf. Once it's paid, we just rip it out of the book and we dispose of it. I don't have anything, and I said to him, I don't know how to come up with preparing a document that would be able to break anything down. I have no clue. I just don't have any clue how to do that. I certainly want to help him out as much as I possibly can, but I don't want to prepare something that's not accurate to go to the IRS. I don't know how to do that. Well I said to him I just don't how to do that.

Clip B: 00:05:42-00:07:15

LH: I guess what you are telling me is that he owes the IRS a lot of money, and they're looking to collect the tax on it -

NR: Basically, what they're, what they're - from their standpoint, here's a \$134,500 that you're not showing any kind of record of really spending. You show that it went there, and they've traced it there. From their standpoint, they're saying okay, Mr. Starzecki, you have \$134,500 worth of your money hidden in Hymowitz and Freeman's retainer account.

LH: That's not - it went into our regular operating account. There's no such thing as a retainer account.

NR: Well from the IRS standpoint, their attitude is you need to produce some kind of records showing that this was actually spent, not just that it was moved to these attorneys' account. I guess and I can't read minds...

LH: He must be under some sort of criminal investigation or something?

NR: Well, well, he's got tax issues.

LH: Oh.

NR: And they're pressing for payment.

LH: I see.

NR: And their deal is, "No problem, you say the money went there and you spent it for legal services. That's fine, show me the receipt for services, show me how that was drawn down and that's a non-issue."

LH: Gotcha.

NR: At the same time, and they don't say this, and you are always playing game of, you know, you know - chess. Okay, we're asking this question and we want to see how answer it because the next step is, obviously, we feel that you're hiding this money from the IRS.

LH: Is this a civil or criminal investigation?

NR: It's civil at this point.

LH: Okay.

Clip C: 00:07:45-00:08:35

NR: So your records, you don't have any kind of documentation? I know from just being in this line of work that attorneys are to keep records for a certain number of years after they...

LH: Not billing records.

NR: No?

LH: As far as I know. If we're supposed to, we never did. We're not a big firm. And it's just, as I said, we've got ourselves a loose leaf, and if I send you a bill for \$10,000 today and comes November 1st, you paid it, it gets ripped out of the loose leaf and that's the end of it.

NR: Is there some sort of records for the services that he received?

LH: What do you mean? An hourly breakdown, no.